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BASIC CHARACTERISTICS OF THE RECENT DRAFT DECREES ON THE YUGOSLAV ECONOMIC SYSTEM

[The following report describes the basic characteristics of the recent draft decrees on the total product of economic organizations, on the administration of basic resources of economic organizations, on short-term credits, on long-term credits, on the establishment of economic enterprises and plants, on the association of economic organizations, on trade activity, on banks, and on the abolishment of economic enterprises.]

DRAFT DECREE ON THE TOTAL PRODUCT OF ECONOMIC ORGANIZATION AND ITS DISTRIBUTION

Coverage of the Decree

The Draft Decree on the Total Product of Economic Organizations and Its Distribution covers the following: payments made from the total product realized, the annual accounting for the total product, definition of total product, distribution of the total product, and final regulations.

Basic Principles of the Decree

The basic principles of the Draft Decree on the Total Product of Economic Organizations and Its Distribution are as follows:

From the product realized the following are paid: the cost of materials utilized in production, obligations prescribed for general state needs, wages, and profits.

The final accounting for the total product and its distribution is made at the end of the year. All other accountings are considered provisional.

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The total product of a production enterprise is defined as including the value of all goods and services sold (based on invoices), the value of products and services financed by basic funds or long-term credits, the value of donations of free services, interest paid by banks on resources, and any other income.

For a commercial or other organization which is engaged in exchange of goods, the total product is defined as including the difference between the price at which goods were procured and the price at which they were sold, and the interest paid by banks on resources of such organizations.

The total product is distributed to cover production costs, to cover obligations prescribed for general state needs, to cover amounts called for by the minimum wage fund, and to cover profits.

Production costs include the costs of materials utilized in production and the amortization of basic resources. The social plan of the city or srez people's council may limit the utilization of the amortization fund by economic organizations which have to operate under unstable natural conditions. The social plan will provide for supplementing amortization funds of economic organizations which have had to utilize such funds for other purposes.

Obligations prescribed for general state needs include interest on the value of basic resources, interest on credit for operating funds, tax on rents, social security contributions, and turnover tax. In addition, economic organizations pay tax on profits as called for by special regulations. Profits which are not distributed for designated purposes are subject to a communal tax.

The part of profit which is used to increase the minimum wage fund is subject to wage fund tax.

Interest on the value of basic resources is paid into the general fund for investment construction without taking into account the total product realized.

Economic organizations may procure operating funds from profits; these funds will not be subject to tax. Interest on credit for operating funds is paid without taking into account the total product realized.

Rental tax is paid by economic organizations which have better operating conditions than other organizations in the same economic branch or the same economic group.

Turnover tax is regulated by federal regulations.

The minimum wage fund and social security contributions are prescribed in federal regulations on minimum wages of blue- and white-collar workers.

If economic organizations do not realize the minimum wage fund, they supply the difference from reserve funds or, when these are insufficient, from bank loans for which the city or srez people's council or the republic bank gives a guarantee. If the minimum wage fund is supplemented from reserve funds or credits, the economic organization repays such supplements from reserve funds created by profits.

The rates for social security contributions are determined by federal regulations. Tax rates on profits to cover general state needs are determined by the federal, republic, autonomous unit, srez, or city social plan.

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These rates are proportional and uniform, except for tax rates set by the srez or city social plan, which may differ according to the purpose of the funds and resources taxed, or according to economic branches or groups of economic organizations.

After payment of a profit tax, profit is distributed to the reserve fund, wages of blue- and white-collar workers, supplementary social security, and other funds called for by the bylaws of economic organizations.

On the basis of percentage of profit allocated to the reserve fund as determined by the Federal Executive Council, the srez people's council regulates the percentage of profit to be allocated to its reserve fund. The reserve fund serves to meet losses resulting from activities of an economic organization.

The tax rate on the wage fund is progressive and is determined by federal regulations.

Supplementary Regulations Connected With the Decree

Supplementary regulations connected with the Draft Decree on the Total Product of Economic Organizations and Its Distribution are as follows: regulations on the possibility of cooperatives not complying with the method of distributing the total product, detailed federal regulations on rental taxes, federal regulations on turnover tax, regulations on the minimum wage fund, federal regulations on rates for basic social security contributions, regulations of the srez or city people's council on the size of reserve funds of economic organizations, regulations of the Federal Executive Council on the minimum percentage of tax to be levied on profits for allocation to the reserve fund, federal regulations on the utilization of the reserve fund, federal regulations on progressive tax rates on the wage fund, and regulations on supplementary social security.

DRAFT DECREE ON ADMINISTERING BASIC RESOURCES OF ECONOMIC ORGANIZATIONS

Coverage of the Decree

The Draft Decree on Administering Basic Resources of Economic Organizations covers the following: basic regulations which govern who administers basic resources, what constitutes the right of administration, supervision over administration, what constitutes basic resources, obligations to society, basic trade principles, amortization payments, and the renting of basic resources; procurement of basic resources; determination of the value of basic resources; maintenance of basic resources; amortization of basic resources; interest on basic resources; expenditure of basic resources; trade in basic resources; the taking over of basic resources by srez or city; record-keeping on basic resources; supervision over basic resources; penalty regulations; provisional and final regulations on beginning date of payment of interest on basic resources, and of payment and accounting of amortization; liquidation of renting of basic resources; physical transfer of resources from one enterprise to another; transfer of basic resources resulting from agreements concluded after 1 August 1952; and handling of basic resources obtained through reparations but not yet being utilized.

Basic Principles of the Decree

The basic principles of the Draft Decree on Administering Basic Resources of Economic Organizations are as follows:

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Work collectives administer basic resources for the benefit of and under the supervision of society.

Economic organizations are responsible to society for the total value of basic resources which they administer.

Basic resources may not be utilized as operating resources, or, as a rule, offered for rent except in circumstances where the resources might remain unutilized. When an economic organization is established, the value of its basic resources is determined.

The basic resources of an economic organization are obtained from the resources of its amortization fund, from resources of long-term credits, or from resources which are at its free disposition.

It is compulsory to insure basic resources. Damages to or losses of basic resources not covered by insurance are paid for by an economic organization from resources at its free disposition, or from its wage fund for blue- and white-collar workers, but not from its minimum wage fund.

Amortization rates which are uniform throughout Yugoslavia are based on regulations which set the rates for depreciation and for maintenance.

Maintenance includes periodic work done at stated intervals of more than a year for the necessary physical and technical maintenance of basic resources.

Banks supervise the utilization of amortization funds.

Interest is paid on all basic resources, their value being determined by appraisal except if they are new, in which case their value is determined by invoice or market value. Amortization is also based on this value. Interest is not paid on the value of the basic standing fixed assets.

The workers' council rules on the ordinary or extraordinary expenditure of basic resources. In cases of extraordinary expenditure, the nonamortized value of extraordinary expended resources is transferred from free disposition resources to the amortization fund.

Basic resources may not be sold to citizens or private individuals.

If an economic organization sells basic resources, it is obligated first to cover their nonamortized value with proceeds from their sale; this amount is deposited in the amortization fund while the balance obtained from the sale is entered as profit.

When an economic organization is liquidated, its basic resources are transferred to the srez or city.

Records on the status of and changes in basic resources are kept by the economic organization and by the communal bank; these records must agree.

The financial inspectorate of the srez, city, republic, or federation supervises the administration of basic resources.

Supplementary Regulations Connected With the Decree

Supplementary regulations connected with the Draft Decree on Administering Basic Resources of Economic Organizations are as follows: regulations on land-tax, regulations on amortization rates, regulations on amortization in test plants, regulations on interest paid on basic resources, regulations on valorization of basic resources, and regulations on utilization of basic resources obtained through reparations.

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DRAFT DECREE ON SHORT-TERM CREDITS

Coverage of the Decree

The Draft Decree on Short-Term Credits covers the following: basic regulations on who are the utilizers of short-term credits, the purposes for which short-term credits are granted, and who may grant short-term credits; short-term credit agreements; security for short-term credits; supervision over execution of regulations governing short-term credits; penalty regulations; and final regulations.

Basic Principles of the Decree

The basic principles of the Draft Decree on Short-Term Credits are as follows:

Short-term credits may be extended to economic organizations, communal banks, savings depositories, social organizations, local and autonomous units, the republics, and the Federal Republic of Yugoslavia.

Short-term credits may be extended by the National Bank of Yugoslavia (Narodna banka PARJ), communal banks, and savings depositories.

Short-term credits are extended to economic organizations for operating resources (working capital); to communal banks and savings depositories for the granting of credit to economic and social organizations and to local units; to social organizations to enable them to operate; and to local units, autonomous units, republics, and the federal republics to cover current budget expenditures in cases of irregular receipt of budgetary income.

The total amount of resources available for short-term credits is determined by the federal credit balance, which is a component part of the federal social plan. Republic and other former credit balances are abolished.

An economic organization may turn for short-term credit to the communal bank, savings depository, or National Bank of Yugoslavia, operating in the area where the organization has its headquarters.

Communal banks and savings banks may not have reciprocal short-term credit relations; they may conclude short-term credit agreements only with the National Bank of Yugoslavia.

Short-term credits may not be utilized for investment purposes.

Interest rates on short-term credits are determined according to market conditions, except for interest rates of the National Bank of Yugoslavia, which are determined by the Federal Executive Council.

The Federal Executive Council may regulate the amount of credit to be extended and the interest rates on such credit for individual economic organizations, or for economic organizations of individual economic branches or oblasts, if this is necessary for the execution of the social plan.

A borrower pays interest on the utilized part of a loan, and pays a charge (provizija) on the unused balance.

An economic or social organization which concludes a short-term credit agreement with the National Bank of Yugoslavia or savings depository is obligated to transfer such credit to its current account in the communal bank located in the area where the organization has its headquarters.

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The rights of the creditor and borrower are secured by the credit agreement, which provides for cases involving delayed payment of interest, increase in interest rates, revocation of agreement, payment of loans before due date, penalties levied on banks if credits are not placed at the disposition of the borrower by the agreed date, etc.

When an economic organization is being established, its establisher concludes credit agreements. After registration, the organization assumes all obligations and rights resulting from a credit agreement, while the original borrower is guarantor for the credit.

Local and autonomous units, republic, and the federal republic may borrow short-term credits amounting to one fourth of the expenditures of their planned budget.

Banks may request the guaranty of the people's council of the srez or city, autonomous unit, or republic for credits granted to given economic organizations.

Short-term credits are granted for a maximum of one year.

The financial inspectorate of the srez or city, republic, or federal republic supervises the execution of regulations pertaining to short-term credits.

Penalties for violations of the regulations of this decree shall be imposed on economic organizations and their directors. Penalties planned include the dismissal of the administrative council of the economic organization concerned, and the dismissal of the director and the administrations concerned.

When a bank establishes that a borrower is violating regulations, it is obligated to inform the srez or city people's council in whose area the headquarters of the borrower is located.

Supplementary Regulations Connected With the Decree

Supplementary regulations connected with the Draft Decree on Short-Term Credits are as follows: the Federal Executive Council determines the discount interest rate of the National Bank of Yugoslavia; special regulations will be issued on granting consumer and other credits to special persons; and the Federal Executive Council will regulate the method of utilizing the General Fund for Operating Resources.

DRAFT DECREE ON LONG-TERM CREDITS IN THE ECONOMY

Coverage of the Decree

The Draft Decree on Long-Term Credits in the Economy covers the following: guarantors, utilizers of long-term bank credits, conditions governing the granting of long-term credits, resources to be utilized for long-term credits, transfer of obligation incurred in long-term credit agreement, relations arising from a long-term credit agreement, records to be kept on long-term credit agreements, investigation of long-term credit agreements, administrative measures, supervision of execution of regulations governing long-term credits, penalty regulations, and final regulations.

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~~RESTRICTED~~Basic Principles of the Decree

The basic principles of the Draft Decree on Long-Term Credits in the Economy are as follows:

There is to be free circulation of resources for long-term credits.

Long-term credits may be granted by the National Bank of Yugoslavia, communal banks, local and autonomous units, the republics, the federal republic, and economic organizations.

Long-term credits may be granted for economic development to economic and social organizations, local and autonomous units, the republics, and the federal republic. Long-term credits may be granted to groups of citizens to establish and construct new plants and enterprises. Long-term credits may be granted to communal banks to grant credit to their clients.

Borrowers of long-term credits may conclude agreements for such credits at all banks in Yugoslavia.

The federal republic, the republics, and local and autonomous units grant long-term credits from their budget resources through a bank.

The federal social plan provides for the total amount of resources which will be available for financing investments for the year.

The federal credit balance, a component part of the federal social plan, determines the total financial resources available for long-term credits.

Economic organizations may grant long-term credits only to other economic organizations. Income from interest paid on long-term credits is included in the total product of the economic organizations concerned.

Interest rates are determined according to market conditions. Minimum interest rates and maximum credit repayment periods for individual economic branches are determined by the federal social plan.

Agreements on mutual rights and obligations of borrowers and creditors must be in written form.

Communal banks may not establish direct credit relations with each other.

Economic organizations which obtain credits from the federal budget, the republic, or an autonomous unit repay such credits with interest to the srez or city in which their headquarters is located.

All long-term credits, both budgetary and bank, are made available to the borrower by a letter of credit to the authorized bank.

At the National Bank of Yugoslavia, resources for long-term credits include income from interest on the value of basic resources of economic enterprises and long-term resources deposited in the bank. At communal banks, resources for long-term credits include long-term resources deposited in the banks, long-term credits obtained from the National Bank of Yugoslavia, and other resources.

If their resources are insufficient to establish a plant or enterprise, groups of citizens may be granted long-term credit upon approval of the srez or city people's council. Credit agreements for such credit are then transferred to the newly established enterprise while the original borrowers are guarantors for the credit. Banks may request that the srez or city, autonomous unit, or republic be guarantor for such loans.

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Long-term credits are utilized only for the purposes for which they are granted.

Borrowers of long-term credits are obligated to conclude credit agreements for an entire investment project.

Long-term credits are repaid in semiannual payments, except where arrangements are made for semiannual payments to be budgeted monthly.

For individual categories of economic organizations, economic branches, or oblasts, the Federal Executive Council may set a lower interest rate than called for by regulations, and may determine the amount of credit which must be utilized or limit the credit which can be utilized.

Supplementary Regulations Connected With the Decree

Supplementary regulations connected with the Draft Decree on Long-Term Credits in the Economy are as follows: federal regulations will determine the conditions for granting credit by economic organizations; the Federal Executive Council will determine what resources on deposit in banks are considered long-term credits; the Federal State Secretary for Affairs of the National Economy will determine the constituent parts of the investment plan; and special regulations will prescribe the conditions for granting credits for construction of residences.

DRAFT DECREE ON THE ESTABLISHMENT OF ECONOMIC ENTERPRISES AND PLANTS

Coverage of the Decree

The Draft Decree on the Establishment of Economic Enterprises and Plants covers the following: general regulations on economic enterprises and plants and their types; proceedings for establishing enterprises and plants; registration of economic enterprises and plants; naming of enterprises and plants; by-laws of economic enterprises and plants; operational and service units of economic enterprises; penalty regulations; and final regulations.

Basic Principles of the Decree

The basic principles of the Draft Decree on the Establishment of Economic Enterprises and Plants are as follows:

An economic enterprise or plant is an organization independently engaged in a specified economic activity. It is a legal entity established by a state agency, federal or republic executive council, srez, city, or municipality people's council, social organizations, economic organization, or group of citizens. An enterprise is considered as being established when it is registered and workers' administrative agencies are established in it.

When a social organization, economic organization, or group of citizens establish an enterprise, they are entitled to repayment only in the amount they have invested with interest. Relations between establishers of an enterprise and the enterprise are governed by an agreement.

Economic associations are established and operate according to special regulations.

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Economic enterprises are divided according to economic activity into five types: production enterprises, which include industrial, mining, construction, forest exploitation, agriculture, and film enterprises; transportation and telecommunications enterprises, which include railroad, maritime, river, aviation, highway, and postal, telegraph, and telephone enterprises; enterprises for the exchange of goods, which include mercantile enterprises and shops, intermediary agencies, bureaus, commissions, agencies, warehouses, and expeditors; service enterprises, which include hotel and restaurant, tourist, artisans', communal, film distribution and entertainment enterprises, household service enterprises, and enterprises to develop the organization of economic enterprises; and publishing activity enterprises, which include publishing, newspaper, and printing enterprises.

The people's council decides which small economic organizations are to be considered as mercantile, hotel and restaurant, or communal operations.

Artisans' trades are considered as being plants and not enterprises.

Enterprises and plants are established by constitutive action, which consists of electing agencies of workers' administration, adoption of bylaws, and registration. The people's council may not refuse approval for constitutive action if it is carried out properly and all conditions fulfilled. Rulings on constitutive action are issued within 30 days of request. If rulings on requests are delayed, appeals may be made to the Republic Executive Council. After obtaining such approval, an enterprise or plant must begin operation in 2 months.

Except for artisans' plants, which must be registered with the srez or city people's council, enterprises and plants must be registered in the register of economic enterprises kept by the district court (okruzni sud).

Each enterprise or plant has a name, which includes a designation indicating its basic economic activity. Two or more enterprises may not be registered under the same name at a district court. Enterprises operating outside the headquarters of a district court may request exclusive rights to their names throughout one or more republics, or throughout Yugoslavia. Plants are not entitled to such rights outside the jurisdiction of their district court.

Each economic enterprise must have bylaws approved by the people's council which approved the enterprise's constitutive action. Plants are not required to have bylaws, unless so determined by the srez or city people's council.

Operational units of an economic enterprise include production and transportation, whereas service units include services and marketing of goods. A collective may rule that the two types of units become separate enterprises or plants, subject to the approval of the srez or city people's council.

Supplementary Regulations Connected With Execution of the Decree

Supplementary regulations connected with execution of the Draft Decree on the Establishment of Economic Enterprises and Plants are as follows:

For individual types of enterprises, the Federal Executive Council prescribes conditions that must be fulfilled with regard to technical fitness, medical and health protection, technical qualifications of personnel, and location of operational and service units. For individual enterprises, the approval of designated specialized agencies connected with their type of activity may be prescribed.

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The srez or city people's council prescribes special conditions to be met on the establishment and activity of communal enterprises and plants which supply the citizenry with vital foods.

DRAFT DECREE ON ASSOCIATING ECONOMIC ENTERPRISES

Coverage of the Decree

The Draft Decree on Associating Economic Enterprises covers general regulations on chambers, regulations on the establishment of federal chambers, regulations on the establishment of republic and region chambers, regulations on the establishment of local chambers, and provisional and final regulations.

Basic Principles of the Decree

The basic principles of the Draft Decree on Associating Economic Enterprises are as follows:

Economic organizations unite into chambers.

Chambers are legal entities and have equal rights.

Chambers are established to develop production, trade, and activity morale.

By special decrees, state agencies may entrust certain regulatory functions to chambers.

The work of a chamber is under the supervision of a social association.

The national assemblies and people's councils appoint representatives to the administrative councils of chambers. The national assemblies and people's councils may replace agencies of chambers which are operating against the interests of society.

Agencies of state administration supervise the legality of rulings by chambers.

Except for the Federal Foreign Trade Chamber, membership in chambers is voluntary.

The income of chambers consists of contributions by members and income from services chambers render.

Each chamber must have a statute.

A Court of Honor is established.

A Federal Industrial Chamber and a Federal Foreign Trade Chamber are established.

In the Federal Foreign Trade Chamber the following may be established as independent establishments: the Foreign Trade Arbitration Board (Spoljnotr-govinska arbitraza) and the Maritime Arbitration Board (Pomorska arbitraza).

In the republics, republic chambers of commerce, associations of hotel and restaurant chambers, and associations of artisans' chambers may be established.

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In srezes or cities, srez or city chambers of commerce, hotel and restaurant chambers, artisans' chambers, and associations of hotel and restaurant chambers of commerce may be established.

In agricultural areas, region agricultural chambers may be established.

Republic chambers of commerce may unite into the Association of Chambers of Commerce of FNRJ, which may also include the Federal Chamber of Commerce.

Republic associations of hotel and restaurant chambers and republic associations of artisans' chambers may establish a Bureau for the Hotel and Restaurant Trade or a Bureau of Artisans' Trades for FNRJ.

Region agricultural chambers may unite into an Association of Agricultural Chambers of FNRJ.

Economic organizations may not unite into associations outside chambers except as described by the Federal Executive Council.

Joint procurement of raw materials, joint selling, etc., by several economic organizations is not considered as a process of associating but as a contract relation.

Existing economic associations are obliged to cease operation when this decree becomes effective.

Supplementary Regulations Connected With the Decree

Supplementary regulations connected with the Draft Decree on Associating Economic Enterprises are as follows:

Regulations issued by the Federal Executive Council regulate the establishment of local and republic chambers, the membership in such chambers, etc.

DRAFT DECREE ON TRADE ACTIVITY, TRADE ENTERPRISES, AND MERCANTILE SHOPS

Coverage of the Decree

The Draft Decree on Trade Activity, Trade Enterprises, and Mercantile Shops covers the following: establishment of mercantile shops, opening of stores and crop purchase stations, determination and distribution of gross income, operation of mercantile shops, measures for regulating markets, trade in markets and fairs, consumers' councils, supervision of trade activity and administrative measures, penalty regulations, and provisional and final regulations.

Basic Principles of the Decree

The basic organizational unit in the trade network is the mercantile shop, which operates a store, only on the basis of special permission may a mercantile shop operate two or more stores.

Trade enterprises may include only foreign trade enterprises and wholesale trade enterprises.

Agricultural cooperatives may open stores as branches of their activity.

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Enterprises which trade in agricultural products at wholesale level may have crop purchase stations as branches of their activity.

Industrial and other producer enterprises may not have stores or other operations units in their composition.

Economic organizations throughout Yugoslavia may establish mercantile shops and trade enterprises as independent economic organizations. The relations between these shops and enterprises and the establishing organization are regulated by a special agreement, which calls for repayment of resources utilized to establish the shops and enterprises. As requested by the economic organization, shops and enterprises are obligated to sell the products of the founding organization for a designated period at designated prices.

When mercantile shops and trade enterprises fulfill all conditions called for by special regulations pertaining to their establishment, the state agency concerned may not refuse to give its approval for their establishment.

Trade enterprises and mercantile shops may engage only in the activity which is their business, determined by the branch of trade to which they belong, and determined by the scope of their activity, whether it is at wholesale or retail level.

The difference between the price at which goods are procured and the price at which they are sold constitutes the gross income of mercantile shops. From this gross income are paid costs of materials, amortization, designated obligations to society, and the minimum wage fund. The balance constitutes profit.

The balance of profit is distributed as follows: a percentage (designated by the srez or city people's council) to the reserve fund, a percentage to resources for supplementary social security, a percentage to the wage fund, and a percentage to resources and funds planned for by the bylaws of the mercantile shop. Profit allocated to increasing the wage fund is first taxed by the tax on the wage fund, while profit allocated to the other funds is taxed by the profit tax, levied by the people's council. Any type of work by jobbers, commission merchants, commission agencies, chain commerce, and cartels, or contracting for the purpose of increasing prices is forbidden.

The possibility of setting maximum selling prices and special conditions relating to the crop purchase of agricultural products is provided for.

Consumers' councils may be established in people's councils to aid in the development and supervision of trade activity. Members of consumers' councils are elected by citizens at assemblies of voters.

In addition to civil penalties, special administrative penalties may be levied on economic organizations which engage in commercial activity in violation of the regulations of this decree.

Supplementary Regulations Connected With the Execution of the Decree

Supplementary regulations connected with the execution of the Draft Decree on Trade Activity, Trade Enterprises, and Mercantile Shops are as follows:

It is necessary to issue special regulations, which will regulate the property of and legal questions involving enterprises which are divided into small independent plants, and which will regulate stores of producer enterprises when these stores are made independent of the parent enterprise.

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DRAFT DECREE ON BANKSCoverage of the Decree

The Draft Decree on Banks covers the following: general regulations on the establishment and operations of the National Bank of Yugoslavia, communal banks, and savings depositories; specific regulations on the National Bank concerning type of operations, operational units, administrative agencies, charter, status, final accounting, activity report, sources and distribution of bank income; and licenses; organization and activity of communal banks and savings depositories, including regulations governing their relations with the National Bank of Yugoslavia; supervision of banks and savings banks; and provisional regulations.

Basic Principles of the Decree

The basic principles of the Draft Decree on Banks are as follows:

The banking system of Yugoslavia includes the National Bank of Yugoslavia and communal banks; designated banking activities may be engaged in by savings depositories.

Banks and savings depositories operate on the basis of the social plan, regulations, and bank statutes.

Banks and savings depositories pay interest on deposits and receive interest on credits they grant.

A uniform system of accounts with banks is established.

The National Bank of Yugoslavia has the exclusive right to issue money within the scope of the social plan, acts as a depository for free money resources, arranges for the extension of credit, maintains uniform clearing in Yugoslavia and abroad, acts as a central bank for settlements between banks, performs and supervises foreign exchange activities, executes the budgets of the republics and autonomous units, serves Yugoslavia in foreign fairs, and performs other activities as decreed by the Federal Executive Council.

The National Bank of Yugoslavia may engage in operational and credit relations with international financial organizations and foreign banks.

The operational units of the National Bank of Yugoslavia are the Main Central Bank in Belgrade, the Central Bank in the capital of each republic, the Main Affiliate in the autonomous unit of the Vojvodina, and affiliates in important economic centers. The Main Central Bank in Belgrade coordinates and makes uniform the work of the National Bank of Yugoslavia.

The Administrative Council and the governor of the National Bank are its administrative agencies. The Administrative Council issues important regulations pertaining to the bank's organization and operations. The president, vice-president, and from six to fourteen members of the Administrative Council are appointed by the Federal National Assembly. The governor is appointed by the Federal Executive Council. The governor and presidents of administrative councils of republic central banks are members of the Administrative Council of the National Bank of Yugoslavia.

The republic central banks coordinate and make uniform the work of banks in their republics. Their administrative agencies are a general director and an administrative council. The Main Affiliate is managed by a director. On the proposal of the affiliate's administrative council, he and his alternate are appointed by the Administrative Council of the republic central bank.

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The final account of the National Bank of Yugoslavia shows its management of social resources on deposit in the bank, and the bank's income and expenditures.

The main sources of income for the bank are charges levied for intermediary services, charges for cost of services, and charges levied on unutilized credit.

By statute, bank reserve funds are formed from income which exceeds expenditures. Communal banks are established by individual or associated people's councils of srezes or cities on the approval of the Federal Executive Council. City municipalities which have special rights may also establish communal banks.

Communal banks are charged with acting as depositories for free money resources, handling clearing payments in the country and abroad as determined by law, arranging for the extension of credit, handling fairs, etc.

Administrative councils of communal banks may establish affiliates whose operations are determined by the statute of the establishing bank.

Communal banks operate according to regulations on uniform banking techniques in Yugoslavia. Communal banks are responsible for forwarding to the National Bank of Yugoslavia a monthly status report and other data on their operation, which will enable the National Bank to have insight into their activities.

Savings depositories may be established by city people's councils, and by municipality people's councils and farm work cooperatives if approved by the srez people's council.

Administrative agencies and operations of savings depositories are similar to those of communal banks. Savings depositories must have a reserve fund to cover possible losses.

The operations of the National Bank of Yugoslavia are supervised by the Federal Executive Council directly, and by the commission for Supervision of Accounts (Racunsko-kontrolna komisija) and the federal Financial Inspectorate. The operations of republic central banks are supervised by the Republic Executive Council directly or by the bank's financial inspectorate.

Communal banks and savings depositories are supervised by srez or city people's councils directly, and by their financial inspectorates. Federal and republic financial inspectorates also have the right to supervise the activities of communal banks and savings depositories.

The Federal Republic of Yugoslavia is guarantor for the liabilities of the National Bank of Yugoslavia. People's councils are guarantors for the liabilities of communal banks and savings depositories if the councils established the banks; republics may be guarantors. Farm work cooperatives are guarantors for the liabilities of savings depositories they have established.

Communal banks may begin operations 1 January 1954. They will take over the operations of the present affiliates of the National Bank of Yugoslavia.

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DRAFT DECREE ON ABOLISHMENT OF ECONOMIC ENTERPRISES AND PLANTS

Coverage of the Decree

The Draft Decree on the Abolishment of Economic Enterprises and Plants covers the following: basic regulations on the abolishment, merging, division, and annexing of economic enterprises or plants; proceedings for liquidation in case of such ruling by a work collective or people's council, proceedings for compulsory liquidation, and final regulations.

Basic Principles of the Decree

An economic organization (enterprise or plant) ceases to exist if so ruled by its work collective, by work injunction of the people's council, or by ruling of an authorized court.

The ruling of a work collective on the abolishment, merging, division, or annexation of an enterprise or plant is subject to the approval of the srez or city people's council in whose area the headquarters of the enterprise is located.

If an enterprise or plant is not fulfilling conditions set by regulations on its establishment and operation, the people's council may forbid it to continue operation and may set a deadline date for such conditions to be fulfilled, or the enterprise liquidated. Appeals from such rulings are made to the Federal Executive Council.

When an enterprise is being merged, divided, or annexed, it is not liquidated, but is transferred to a new enterprise or plant.

The basic resources, amortization fund, and land of an enterprise or plant which is being liquidated are transferred by the Liquidating Commission to the srez or city people's council, which also takes over the liabilities of the enterprise. The same is true in compulsory liquidations.

Compulsory liquidation takes place when an enterprise does not discharge its obligations in connection with general state needs, when it does not establish a minimum wage fund, and when designated claims cannot be paid by authorized methods.

During a forced liquidation, the people's council and state agencies may take over the enterprise being liquidated to put it back on its feet. A provisional economic administration is appointed to handle the enterprise until it becomes solvent. All agencies of the enterprise or plant are relieved of their responsibilities and their duties taken over by the administrator in charge of liquidation.

Blue- and white-collar workers who were members of the Workers' Council for a year preceding the beginning of liquidation proceedings, the director of the enterprise, and all others in management positions lose the right to be elected to agencies of any type of socialist economic organization.

The beginning of liquidation proceedings automatically abolishes all funds utilized for paying off creditors, except the amortization fund.

Liquidated assets are divided gradually according to the status of financial liabilities and assets.

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Supplementary Regulations Connected With the Decree

Supplementary regulations connected with the Draft Decree on the Abolishment of Economic Enterprises and Plants are as follows:

Detailed regulations for executing this decree will be issued by the State Secretary for Affairs of the People's Economy.

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